Glenbriar Technologies Inc.

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BC FORM 51-901F

YEAR END 2002 REPORT

This Report includes the following Schedules, as set forth in BC Form 51-901F:
- *A. Audited Annual Financial Statements;*
- *B. Supplementary Information; and*
- *C. Management Discussion and Analysis.*

ISSUER DETAILS NAME OF ISSUER Glenbriar Technologies Inc.	FOR YEAR ENDED 2002 09 30	DATE OF REPORT YY / MM / DD 03 02 13
ISSUER ADDRESS 320, 505 3 St SW		
CITY/PROVINCE/POSTAL CODE Calgary, AB T2P 3E6	ISSUER FAX NO. (403) 234-7310	ISSUER PHONE NO. (403) 233-7300
CONTACT NAME Robert D. Matheson	CONTACT POSITION President	CONTACT PHONE NO. (403) 233-7300
CONTACT E-MAIL ADDRESS info@glenbriar.com	WEB SITE ADDRESS glenbriar.com	

CERTIFICATE

The three schedules required to complete this Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.

DIRECTOR'S SIGNATURE "Robert Matheson"	PRINT FULL NAME Robert D. Matheson	DATE OF REPORT YY / MM / DD 03 02 13
DIRECTOR'S SIGNATURE "Brian Tijman"	PRINT FULL NAME Brian Tijman	DATE OF REPORT YY / MM / DD 03 02 13

Schedule A: FINANCIAL STATEMENTS

Consolidated Financial Statements of

GLENBRIAR TECHNOLOGIES INC.

September 30, 2002 and 2001

Deloitte & Touche LLP
3000, 700 Second Street SW
Calgary AB Canada T2P 0S7

Telephone: +1-403-267-1700
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Auditors' Report

To the Shareholders of
Glenbriar Technologies Inc.:

We have audited the consolidated balance sheets of **Glenbriar Technologies Inc.** as at September 30, 2002 and 2001 and the consolidated statements of earnings (loss) and retained earnings (deficit) and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at September 30, 2002 and 2001 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Calgary, Alberta
November 23, 2002

"Deloitte & Touche LLP"
Chartered Accountants

GLENBRIAR TECHNOLOGIES INC.

Consolidated Statements of Earnings (Loss) and Retained Earnings (Deficit)
Years Ended September 30, 2002 and 2001

	2002 $	2001 $
REVENUE		
Information technology consulting	**3,733,466**	2,327,310
Equipment and software sales	**2,673,967**	1,540,665
Oil and gas sales, net of royalties of $13,229 (2001 - $148,159)	**162,898**	574,446
Gain on disposal of oil and gas properties (Note 3)	**74,963**	-
Interest and other income	**15,864**	68,634
	6,661,158	4,511,055
EXPENSES		
Information technology consulting	**2,613,496**	1,804,326
Cost of goods sold	**2,172,029**	1,184,146
General and administrative (Note 5(e))	**1,407,734**	1,094,589
Depletion, depreciation and amortization (Note 3)	**266,325**	943,103
Oil and gas production	**71,787**	150,342
Interest and bank charges	**23,645**	10,708
	6,555,016	5,187,214
EARNINGS (LOSS) BEFORE INCOME TAXES	**106,142**	(676,159)
PROVISION FOR (RECOVERY OF) INCOME TAXES (Note 8)		
Current	**-**	(49,300)
Future	**65,000**	(283,000)
	65,000	(332,300)
NET EARNINGS (LOSS)	**41,142**	(343,859)
(DEFICIT) RETAINED EARNINGS, BEGINNING OF YEAR	**(37,727)**	294,132
IMPACT OF CHANGE IN ACCOUNTING POLICY (Note 8)	**-**	12,000
RETAINED EARNINGS (DEFICIT), END OF YEAR	**3,415**	(37,727)
EARNINGS PER SHARE		
Basic	**0.002**	(0.016)
Diluted	**0.002**	(0.016)
WEIGHTED AVERAGE SHARES OUTSTANDING		
Basic	**24,324,661**	21,201,050
Diluted	**24,384,427**	21,201,050

GLENBRIAR TECHNOLOGIES INC.

Consolidated Balance Sheets
September 30, 2002 and 2001

	2002 $	2001 $
ASSETS		
CURRENT		
Cash	**58,555**	462,992
Accounts receivable	**1,173,292**	857,030
Prepaid expenses	**1,376**	2,430
Inventory	**282,159**	233,371
	1,515,382	1,555,823
Capital assets (Note 3)	**566,100**	227,827
Intangible assets (Note 4)	**211,930**	390,555
Goodwill (Note 5)	**1,023,756**	965,897
Future income taxes (Note 8)	**861,979**	869,922
	4,179,147	4,010,024
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**691,772**	975,509
Current portion of building mortgage and other long-term liabilities (Note 6)	**42,400**	-
Deferred revenue	**250,054**	273,160
	984,226	1,248,669
Building mortgage and other long-term liabilities (Note 6)	**199,600**	-
Provision for site restoration and abandonment	**12,432**	11,432
	1,196,258	1,260,101
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	**2,979,474**	2,787,650
Retained earnings (deficit)	**3,415**	(37,727)
	2,982,889	2,749,923
	4,179,147	4,010,024

APPROVED BY THE BOARD

"Robert Matheson" **Director**

"Brian Tijman" **Director**

GLENBRIAR TECHNOLOGIES INC.
Consolidated Statements of Cash Flows
Years Ended September 30, 2002 and 2001

	2002 $	2001 $
CASH FLOWS RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net earnings (loss)	**41,142**	(343,859)
Adjustments for:		
Depletion, depreciation and amortization	**266,325**	943,103
Future income taxes	**65,000**	(283,000)
Gain on disposal of oil and gas properties	**(74,963)**	-
	297,504	316,244
Changes in non-cash working capital (Note 10)	**(720,899)**	(187,211)
	(423,395)	129,033
FINANCING		
Decrease in loan from shareholders	**-**	(69,051)
Increase in long-term liabilities	**90,000**	-
Building mortgage repayments	**(5,500)**	-
Exercise of stock options	**131,000**	79,950
	215,500	10,899
INVESTING		
Building acquisition (Note 6)	**(67,500)**	-
Capital expenditures	**(163,607)**	(26,647)
Cash paid related to corporate acquisitions (Note 5)	**(83,544)**	(266,429)
Proceeds on disposal of oil and gas properties	**118,109**	-
	(196,542)	(293,076)
NET DECREASE IN CASH	**(404,437)**	(153,144)
CASH, BEGINNING OF YEAR	**462,992**	616,136
CASH, END OF YEAR	**58,555**	462,992

1. BASIS OF PRESENTATION

Glenbriar Technologies Inc. (formerly Glenbriar Developments Ltd.) (the "Corporation") was incorporated under the Business Corporations Act (Alberta) on July 15, 1994. The consolidated financial statements include the accounts, from the dates of acquisition (Note 5), of its wholly-owned subsidiaries, IS Department Ltd. ("IS Dept."), Moser Computer Services Inc. ("Moser"), Peartree Software Inc. ("Peartree"), Tel 2000 Services Ltd. ("Tel 2000"), Nat Communications Ltd. ("Nat"), Platinum Systems Ltd. ("Platinum") and Channel Solutions Inc. ("Channel"). IS Dept., Moser, Tel 2000 and Nat were amalgamated with the Corporation on September 30, 2001.

2. SIGNIFICANT ACCOUNTING POLICIES

Cash

Cash is comprised of short-term deposits of 90 days or less.

Revenue recognition - information technology services

Equipment and software sales relate to proprietary software and products purchased and resold to customers. The revenue from these sales is recognized upon shipment and invoicing. Information technology consulting revenue is recognized as services are rendered. In cases where collectibility is not reasonably assured, revenue is recognized when the cash is collected. Payments received in advance of services rendered are deferred until such time as the services are performed.

Depreciation

The building is depreciated on a straight-line basis over 30 years.

Computers and office equipment are depreciated using the declining-balance method at rates ranging from 10% - 30% per year.

Intangible assets

Intangible assets are amortized on a straight-line basis as follows:

Maintenance and servicing agreements	2 years
Customer lists	3 years
Proprietary software	5 years

If a permanent impairment in value is determined, the carrying value of the intangible assets is written down and charged to earnings. There was no impairment of intangible assets recorded during the years ended September 30, 2002 or 2001.

Goodwill

Effective October 1, 2001, the Corporation early adopted the recommendations of new CICA Handbook Section 3062, Goodwill and Other Intangible Assets. Under this standard, the Corporation's goodwill is no longer amortized, but is assessed for a permanent impairment in value on at least an annual basis. Goodwill amortization recorded prior to October 1, 2001 was $108,614. There was no impairment of goodwill recorded during the years ended September 30, 2002 or 2001.

Income taxes

Effective October 1, 2000, the Corporation adopted the liability method of accounting for income taxes. Under this method, temporary differences arising from the differences between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future income tax liabilities or assets. Future income tax liabilities or assets are calculated using tax rates anticipated to apply in the periods that the temporary differences are

expected to reverse. Temporary differences arising on acquisitions result in future income tax liabilities or assets. Prior to October 1, 2000, the Corporation followed the deferral method of accounting for income taxes.

Inventory

Inventory is comprised of equipment and spare parts and is carried at the lower of cost and net realizable value.

Oil and gas operations

Effective November 1999, the Corporation ceased oil and gas exploration and development activities. Continuing oil and gas production activities are conducted jointly with others. These consolidated financial statements reflect only the Corporation's proportionate interest in such activities.

The Corporation follows the full cost method of accounting for oil and gas operations, whereby all historical costs of exploring for and developing oil and gas properties and related reserves are capitalized into a single Canadian cost centre. Proceeds on disposal of oil and gas properties and equipment are credited to the full cost pool, unless there is a significant change in the depletion and depreciation rate, in which case a gain or loss is recognized.

Total capitalized costs are depleted and depreciated using the unit-of-production method based on estimated proven reserves of oil and gas and conversion to a common unit of measure using relative energy content.

In applying the full cost method of accounting, capitalized costs including provision for necessary future development expenditures, less depletion and depreciation, are restricted from exceeding an amount equal to the estimated undiscounted future net revenues from proved reserves, net of aggregate estimated future abandonment costs, general and administrative expenses, financing costs and income taxes, plus the lower of cost and estimated fair value of undeveloped properties. If this comparison indicates an excess carrying value, a write-down is recorded.

The Corporation provides for future site restoration and abandonment costs based on the unit-of-production method. The provision is included in depletion, depreciation and amortization in the consolidated statements of earnings (loss) and retained earnings (deficit).

Stock option plan

The Corporation has a stock option plan as described in Note 7. No compensation expense is recognized for this plan when the stock options are issued. Any consideration paid on exercise of stock options or purchase of stock is credited to share capital.

Per share amounts

Effective October 1, 2001, the Corporation retroactively adopted, with restatement of comparative periods, the recommendations of new CICA Handbook Section 3500, Earnings per Share. Under this standard, basic net income per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated on the basis of the weighted average number of common shares outstanding during the period plus the additional incremental common shares that would have been outstanding if potentially dilutive common shares had been issued using the treasury stock method. Prior to October 1, 2001 the Corporation calculated diluted per share figures using the imputed interest method. There was no impact on 2002 or 2001 diluted per share figures as a result of adopting the treasury stock method.

As at September 30, 2002, 101,754 potentially issuable shares relating to employee stock options (2001 - 2,309,517) were not included in the computation of diluted weighted average number of shares as the impact would have been anti-dilutive.

Comparative figures

Certain of the prior year figures have been reclassified to conform to the current year's presentation.

3. CAPITAL ASSETS

	2002		
	Cost $	Accumulated Depletion and Depreciation $	**Net Book Value** **$**
Oil and gas properties and equipment	1,003,971	(932,040)	**71,931**
Building	180,000	(4,800)	**175,200**
Land	45,000	-	**45,000**
Computers and office equipment	380,571	(106,602)	**273,969**
	1,609,542	(1,043,442)	**566,100**

	2001		
	Cost $	Accumulated Depletion and Depreciation $	Net Book Value $
Oil and gas properties and equipment	1,424,639	(1,304,193)	120,446
Computers and office equipment	139,881	(32,500)	107,381
	1,564,520	(1,336,693)	227,827

During the year ended September 30, 2002, the Corporation sold its interest in producing oil and gas properties and equipment for cash proceeds of $118,109. A gain of $74,963 was recorded on the sale.

As at September 30, 2001, the Corporation recorded an impairment of its oil and gas properties in the amount of $515,000 based on downward revision of reserve estimates resulting from lower commodity prices. The amount is included in depletion, depreciation and amortization expense in the consolidated statement of earnings (loss) and retained earnings (deficit). No impairment was recorded for the year ended September 30, 2002.

4. INTANGIBLE ASSETS

	2002		
	Cost $	Accumulated Amortization $	**Net Book Value** **$**
Maintenance and servicing agreements	207,942	(190,614)	**17,328**
Customer lists	70,900	(37,861)	**33,039**
Proprietary software	255,100	(93,537)	**161,563**
	533,942	(322,012)	**211,930**

	2001		
	Cost $	Accumulated Amortization $	Net Book Value $
Maintenance and servicing agreements	207,942	(86,642)	121,300
Customer lists	70,900	(14,228)	56,672
Proprietary software	255,100	(42,517)	212,583
	533,942	(143,387)	390,555

5. CORPORATE ACQUISITIONS

a) Effective December 1, 2000, the Corporation acquired all of the issued and outstanding shares of Peartree, a software company based in Kitchener, Ontario, which provides business software solutions to manufacturing and distribution customers in Canada, the United States and Mexico. Under the agreement, the Corporation agreed to acquire all of the issued and outstanding shares of Peartree for 3,537,416 common shares of the Corporation issued from treasury.

The acquisition was accounted for using the purchase method of accounting as follows:

Total consideration:

	$
Issue of 3,537,416 Corporation common shares	371,429
Transaction costs	64,137
	435,566

Allocation of purchase price:

	$
Working capital deficiency, including cash of $12,646	(689,487)
Equipment	77,089
Proprietary software	233,100
Maintenance and servicing agreements	207,942
Future income tax asset	606,922
	435,566

b) Effective December 1, 2000, the Corporation acquired all of the issued and outstanding shares of Moser, a private software and information technology support company based in Waterloo, Ontario. In consideration for all of the shares of Moser, the Corporation paid $100,000 in cash plus 500,000 common shares of the Corporation.

The acquisition was accounted for using the purchase method of accounting as follows:

Total consideration:

	$
Issue of 500,000 Corporation common shares	52,500
Cash	100,000
Transaction costs	300
	152,800

Allocation of purchase price:

	$
Working capital, including cash of $Nil	3,315
Equipment	4,620
Proprietary software	22,000
Customer lists	21,700
Future income tax liability	(16,000)
Goodwill	117,165
	152,800

c) Effective April 1, 2001, the Corporation acquired Tel 2000, a business telecom solutions provider based in Vancouver, B.C. The transaction resulted in the issuance of 1,600,000 common shares of the Corporation and $130,000 in cash to the owners of Tel 2000.

The acquisition was accounted for using the purchase method of accounting as follows:

Total consideration:

	$
Issue of 1,600,000 Corporation common shares	160,000
Cash	130,000
	290,000

Allocation of purchase price:

	$
Working capital, including cash of $15,362	18,580
Equipment	7,303
Customer lists	49,200
Future income tax liability	(16,000)
Goodwill	230,917
	290,000

d) Effective October 1, 2001, the Corporation acquired Platinum and Channel, private information technology consulting and IT procurement service companies. In consideration for all of the issued and outstanding shares of Platinum and Channel, the Corporation paid $90,000 in cash and issued 810,992 common shares of the Corporation.

The acquisition was accounted for using the purchase method of accounting as follows:

Total consideration:

	$
Issue of 810,992 Corporation common shares	60,824
Cash	90,000
	150,824

Allocation of purchase price:

	$
Working capital (deficiency), including cash of $6,456	(41,175)
Equipment	77,083
Future income tax asset	57,057
Goodwill	57,859
	150,824

e) General and administrative expenses for the year ended September 30, 2002 have been reduced by $210,818 relating to anticipated and actual settlements of legal obligations reached subsequent to the acquisition of Peartree and Channel.

6. BUILDING MORTGAGE AND OTHER LONG-TERM LIABILITIES

On November 1, 2001, the Corporation purchased a new office location in Coquitlam, B.C. for $225,000, consisting of $67,500 in cash and $157,500 by first mortgage to a chartered bank. The mortgage bears interest at 6.125% for a one-year term based upon a 15-year amortization. Payments of principal and interest total $1,340 per month during the initial one-year term.

Building mortgage and other long-term liabilities at September 30, 2002 includes $90,000 payable to former shareholders of Peartree. The amount non-interest bearing and is repayable over 30 months at $3,000 per month.

7. SHARE CAPITAL

	Number of Shares	Amount $
Authorized		
Unlimited number of common shares		
Unlimited number of preferred shares of one or more series		
Common shares issued		
Balance, September 30, 2000	16,814,020	2,123,771
Acquisition of Peartree (Note 5(a))	3,537,416	371,429
Acquisition of Moser (Note 5(b))	500,000	52,500
Acquisition of Tel 2000 (Note 5(c))	1,600,000	160,000
Exercise of stock options	695,000	79,950
Balance, September 30, 2001	**23,146,436**	**2,787,650**
Acquisition of Platinum and Channel (Note 5(d))	810,992	60,824
Exercise of stock options	1,310,000	131,000
Balance, September 31, 2002	**25,267,428**	**2,979,474**

Stock option plan

The Corporation has granted stock options to directors, officers and employees to purchase 2,414,254 common shares at prices between $0.10 and $0.25 per share. These options expire on dates between October 1, 2002 and August 1, 2003.

A summary of the Corporation's stock option plan as of September 30, 2002 and 2001 and changes during the years ending on those dates is presented below:

	2002		2001	
	Number of Shares	**Weighted Average Exercise Price $**	Number of Shares	Weighted Average Exercise Price $
Outstanding, beginning of year	**2,309,517**	**0.11**	840,000	0.21
Granted	**2,312,500**	**0.10**	2,979,605	0.11
Exercised	**(1,310,000)**	**0.10**	(695,000)	0.12
Expired	**(897,763)**	**0.12**	(815,088)	0.21
Outstanding, end of year	**2,414,254**	**0.11**	2,309,517	0.11
Exercisable, end of year	**101,754**		507,017	

The following table summarizes information on stock options outstanding at September 30, 2002:

Options Outstanding				Options Exercisable	
Range of Exercise Prices $	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price $	Number of Options Exercisable	Weighted Average Exercise Price $
0.10	2,312,500	0.8 years	0.10	-	0.10
0.25	101,754	0.6 years	0.25	101,754	0.25
	2,414,254			101,754	

Share purchase warrants

In conjunction with the acquisition of Peartree (Note 5(a)), the Corporation issued 210,528 common share purchase warrants to former Peartree warrant holders entitling the holder to purchase one common share at $0.25. These share purchase warrants expired unexercised on June 1, 2002.

Effective May 1, 2000, the Corporation acquired all of the issued and outstanding shares of IS Dept., an information technology outsourcing and consulting company based in Calgary. This transaction resulted in the issuance of 5,185,000 common shares of the Corporation, of which 5,135,000 common shares were subject to escrow agreements. At September 30, 2001, 3,081,000 common shares remained in escrow. 1,540,500 shares were released from escrow during the year ended September 30, 2002, with the remaining 1,540,500 shares to be released from escrow by May 2003.

8. INCOME TAXES

Effective October 1, 2000, the Corporation adopted the new accounting recommendation of the Canadian Institute of Chartered Accountants for accounting for income taxes using the liability method. The new policy was applied retroactively, without restatement of comparative years. The impact of adopting the new recommendation relating to prior years was to increase the future income tax asset and opening retained earnings by $12,000.

The components of the future income tax asset (liability) amounts as at September 30, 2002 and 2001 are as follows:

	2002 $	2001 $
Excess of tax basis over carrying value of assets	**177,313**	307,225
Future benefit of prior year losses	**684,666**	562,737
Other	**7,246**	(40)
	861,979	869,922

As at September 30, 2002, the Corporation had non-capital losses of approximately $1.8 million (2001 - $1.5 million) available to be carried forward to reduce future taxable income, the benefit of which has been recognized in the consolidated financial statements. The losses expire between 2002 and 2009.

Income tax expense (recovery) differs from the amounts which would be obtained by applying the combined federal and provincial statutory income tax rate to the respective years' earnings before income taxes. The following schedule explains the differences between the expected and actual tax expense (recovery).

	2002 $	2001 $
Earnings (loss) before income taxes	**106,142**	(676,159)
Expected income taxes at statutory rate of 39.10% (2001 - 42.12%)	**41,502**	(284,798)
Add (deduct) the tax effect of:		
Resource allowance in excess of non-deductible Crown charges	**(7,246)**	(49,256)
Adjustments to tax pools and other	**30,744**	1,754
	65,000	(332,300)

9. SEGMENTED INFORMATION

As at September 30, 2002, the Corporation operates primarily in the information technology services sector and has only one reportable operating segment. Accordingly, segmented information with respect to the Corporation's oil and gas production activities has not been presented for the 2002 or 2001 fiscal periods.

10. SUPPLEMENTARY CASH FLOW INFORMATION

	2002 $	2001 $
Changes in non-cash working capital:		
Accounts receivable	**(118,619)**	10,010
Prepaid expenses	**10,208**	14,528
Inventory	**(68,358)**	(125,339)
Accounts payable and accrued liabilities	**(521,024)**	(30,297)
Deferred revenue	**(23,106)**	62,457
Income taxes payable	**-**	(49,519)
Loan from shareholders	**-**	(69,051)
	(720,899)	(187,211)
Cash interest paid	**9,240**	10,708
Cash taxes paid	**-**	-
Non-cash financing and investing activities:		
Issuance of common shares on corporate acquisitions (Note 5)	**60,824**	583,929
Building acquisition financed by mortgage (Note 6)	**157,500**	-

11. FINANCIAL INSTRUMENTS

The carrying value of the Corporation's accounts receivable, accounts payable and accrued liabilities and building mortgage approximate their respective fair values.

Credit risk

The Corporation is exposed to normal credit risk from customers. The Corporation minimizes concentrations of credit risk by maintaining a wide customer base spread across differing industries.

Interest rate risk

The Corporation is exposed to interest rate risk on their building mortgage. The Company is subject to changes in the interest rate upon renewal of the term periods during the amortization period. The Company has not initiated any instruments to fix the interest rate throughout the 15 year amortization period.

Schedule B: SUPPLEMENTARY INFORMATION

1. *Analysis of expenses and deferred costs*

Breakdown of amounts shown in the financial statements for each category:

	Year ended September 30, 2002
Information technology consulting expense	
Salaries	$2,465,469
Other	148,027
Cost of goods sold	
Equipment	$1,770,204
Software	390,965
Other	10,860
General and administrative expense	
Salaries	$804,849
Office rent and expense	238,577
Professional fees	209,017
Other	155,291
Depletion, depreciation and amortization	
Amortization of intangibles	$170,824
Depreciation of office equipment	87,701
Depletion of oil and gas assets	7,800

2. *Related party transactions*

Not applicable.

3. *Summary of securities issued and options granted during the period*

Securities issued

Date	Security	Issue type	Number	Price	Proceeds	Consideration	Commission
Oct 1/01	Common	Private placement	810,992	$0.075	$60,824	Shares	Nil
Feb 28/02	Common	Option exercise	300,000	$0.10	$30,000	Cash	Nil
June 28/02	Common	Option exercise	1,010,000	$0.10	$101,000	Cash	Nil

Options granted

Date	Number	Optionee	Exercise price	Expiry date
July 22/02	250,000	Robert Matheson	$0.10	July 31/03
July 22/02	250,000	Glenn Matheson	$0.10	July 31/03
July 22/02	250,000	Brian Tijman	$0.10	July 31/03
July 22/02	200,000	David Moser	$0.10	July 31/03
July 22/02	200,000	Jamie Skawski	$0.10	July 31/03
July 22/02	200,000	Shawn Wallace	$0.10	July 31/03
July 22/02	100,000	Graeme Ross	$0.10	July 31/03
July 22/02	50,000	Garnet Watchorn	$0.10	July 31/03
July 22/02	50,000	Norman Wright	$0.10	July 31/03
July 22/02	762,500	Employees	$0.10	July 31/03

4. *Summary of securities as at the end of the reporting period*

See Note 6 of the Notes to the Consolidated Financial Statements.

5. *Names of officers and directors as of February 13, 2003*

Name	Position
Robert D. Matheson	Chairman, President & CEO
Glenn F. H. Matheson	Executive Vice-President & Director
Brian Tijman	Controller, CFO & Director
David Moser	Vice-President, Ontario Region & President of Peartree Software Inc.
Jamie Skawski	Vice-President, Consulting
S. Graeme Ross	Director
Shawn Wallace	Director
Garnet Watchorn	Director
Norman Wright	Director

Schedule C: MANAGEMENT DISCUSSION AND ANALYSIS

1. *Description of Business*

Glenbriar Technologies Inc. (TSX-V:GTI) is an information technology (IT) services provider headquartered in Calgary, with locations in Alberta, British Columbia and Ontario. Glenbriar designs, implements and supports business workflow improvement, IT outsourcing and consulting, Internet protocol (IP) telephony and call centre solutions. Glenbriar also develops, markets and supports a proprietary suite of enterprise resource planning (ERP) software modules to manufacturers and distributors through its subsidiary Peartree Software Inc. in Kitchener-Waterloo.

2. *Discussion of Operations and Financial Condition*

"Orchard" Software Development Initiative

Through Peartree, Glenbriar owns, develops, sells and supports proprietary ERP (enterprise resource planning) and EDI (electronic data interchange) solutions used by manufacturers and suppliers throughout North America. These solutions are based upon the UniData multivalue database, which became part of the IBM family of databases in 2001. IBM has added support, updated and enhanced the database, delivering depth, functionality and investment protection to Peartree and its customers.

After appraising market conditions, and after an extensive evaluation and research period beginning more than a year ago, Peartree Software is now undertaking a bold renewal process that will take its current character-based edition and completely re-engineer it for the Microsoft .NET Web based environment. The new application suite has been named Orchard, in keeping with the Peartree theme.

The new software is being developed to co-exist with the current system, but will have the capability of existing independently of both the original system and database. Current development has tested compatibility with D3, UniData and SQL Server. Future testing will continue with DB2, Oracle and Postgres.

Customers may choose to remain with the current database indefinitely or migrate at anytime to one that better suits their needs. Customers may choose to add only certain Web applications, and keep the remainder of the original system intact. Peartree has designed the transition so that it will be able to continue to provide support for the original product.

New development began last winter with a thorough analysis of the market and the tools available to bring this product to life. The creation of a new development team soon followed, which has slowly grown to a team of two full-time developers and two part-time programmers. A project manager was added in January 2003. As well, several existing Peartree staff members are providing technical expertise to the new development team on a daily basis to ensure all the existing functionality and features migrate to the new applications. Peartree is also ensuring that all of its dedicated customer support consultants are provided with training and hands-on experience within the new environment so that they will be able to continue to support the software and their clients' business needs.

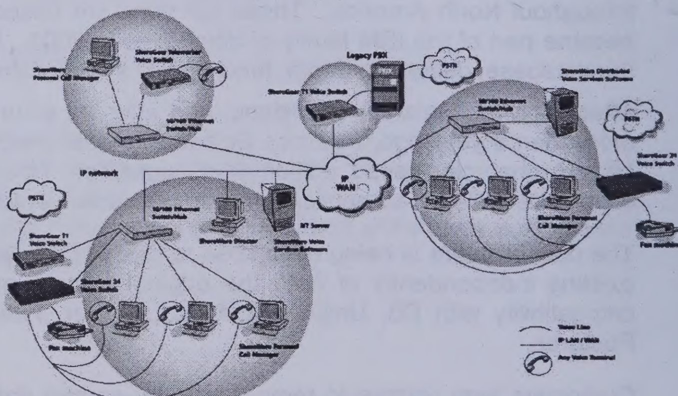
To date, development has focused initially on the financial management package, as it is the heart of the Peartree system both in terms of its functionality within the application suite and in terms of marketing the product to prospective customers. Peartree is nearing completion of the alpha version of the general ledger application and hopes to begin testing shortly. Upon completion of the alpha testing, participants will be sought for a beta program. This provides Peartree's customers with a forum to provide their views and opinions about the software, as well as beta test the new product. Beta participants will receive discounted upgrade pricing for the new modules.

IP Telephony Solutions

Glenbriar initiated delivering Internet protocol (IP) telephony solutions (also referred to as voice over IP or networked telephony) to its clients in April 2001 (see Note 5(c) of Notes to Consolidated Financial Statements). Glenbriar has extensively tested a number of systems in order to ensure that it offers best of breed solutions when moving a client to integrated voice/data network architecture. These solutions were introduced into the Calgary market in mid-2002, with installs of systems at such sites as the Town of Okotoks and the United Way of Calgary.

Glenbriar has developed unique configurations and methodologies which deliver telephone quality conversations under the most difficult conditions. These solutions are so robust and fault tolerant that they allow remote phones located anywhere in the world to act as a full featured local on the head office IP PBX without long distance charges using very thin bandwidth, such as a 28 kbps dialup connection, and work where there is extreme latency, such as over burstable satellite connections. When combined with Glenbriar's core competency in remote connectivity, this knowledge delivers complete one-stop branch office connectivity solutions for its clients.

Glenbriar has recently expanded its telephony solutions to include a completely distributed, modular voice communication solution with no single point of failure that is layered on top of a client's IP network. At the heart of the system is the standards-based Distributed IP Voice Architecture, which uniquely distributes call control intelligence to voice switches connected anywhere on the IP network. Voice applications (such as voicemail and automated attendant) and the management interface, are distributed to servers across locations, rather than centralizing applications at the network core. The resultant solution provides a single image system for all locations and all voice applications. The network is distributed, voice applications are bundled, and the management interface is integrated. This eliminates the need for multiple discordant PBXs, voice mail systems, automated attendants and automated call display systems. On top of this, the system can accommodate existing PBXs, and analog, digital and IP phones on a single switch. Glenbriar began installing the new systems in January 2003.



IP Voice Communications System

Change of Business from Energy to IT

Since May 2000, Glenbriar has been engaged in delivering IT services to small and medium enterprises. Prior to that, Glenbriar was engaged in oil and gas activities. Effective March 1, 2002, Glenbriar sold all of its oil properties for $118,109, resulting in a gain on sale of $74,963. Glenbriar still retains its gas properties, which have a book value of $71,931. See Note 3 of Notes to Consolidated Financial Statements. Glenbriar estimates the present value of the gas properties to be approximately $200,000 as of January 1, 2003 based upon a 10% discount rate using constant pricing of $5.00 per GJ at the plant gate. Glenbriar intends to dispose of this asset if a reasonable offer is received. Until then, the cash flow from the gas properties will continue to be used for general working capital purposes.

Acquisitions & Mergers

Glenbriar changed the way that it accounts for both previous and new acquisitions in fiscal 2002 to conform to changes in standard accounting practices. Previously, goodwill was amortized on a straight line basis over a number of years. Starting in fiscal 2002, Glenbriar periodically reviews the carrying value of goodwill. If a permanent impairment is determined, goodwill is written down and charged to earnings. If no impairment is determined, there is no charge to goodwill. This change is expected to reduce amortization charges and thus have a positive impact on reported earnings. Other intangible assets will continue to be amortized as described in Note 2 of the Notes to the Consolidated Financial Statements.

Effective September 30, 2001, Glenbriar amalgamated with 4 of its wholly owned subsidiaries to simplify its operations, leaving Peartree as the only subsidiary.

Effective October 1, 2001, Glenbriar acquired Platinum Systems Ltd. ("Platinum"), a private IT consultancy based in Calgary (and its affiliate, Channel Solutions Inc.). See Note 5(a) of the Notes to the Consolidated Financial Statements. All of Platinum's operations were transferred to Glenbriar, and Channel ceased operations. As of September 30, 2002, Platinum and Channel were inactive.

Office Locations and Integration

In December 2001, Glenbriar consolidated from 7 bank accounts at 5 branches of 4 different banks to 4 accounts at one branch. In March 2002, Glenbriar consolidated from 3 different accounting systems to a single proprietary accounting system with a common set of accounts for each company and location. In addition, IP telephony systems were installed at each location, permitting 4-digit locals for interoffice communication and toll free calling from any location to any outside local number in any other location.

In May 2001, Peartree relocated to new premises in the same building at 50 Queen St N, Suite 700, Kitchener, Ontario. There are 20 employees working out of the new location.

In November 2001, Glenbriar relocated its Calgary operations from its previous location to Platinum's offices at 320, 505 3 St SW, Calgary, AB. The new location is comprised of 2000 square feet of offices in the centre of downtown Calgary. Glenbriar allowed the lease to expire on its previous location at the end of December 2001. The new location was renovated to accommodate Glenbriar's lines of business. Glenbriar currently has 20 employees working out of the new location.

In November 2001, Glenbriar purchased a new 3000 square foot office location at 103 – 1500 Hartley Avenue in Coquitlam, B.C., which is centrally located within the Lower Mainland. The purchase price of $225,000 was paid by a 30% cash down payment, with the balance by way of commercial mortgage. Glenbriar currently has 10 employees working out of the new location.

Results from Operations

Revenue. Results for the year ended September 30, 2002 include revenue from a number of activities formerly carried on by Platinum and Channel, which were discontinued in the first and second quarter of fiscal 2002 due to a lack of profitability. Accordingly, results for the first and second quarter of fiscal 2003 are expected to reflect lower revenue but higher profitability than the comparable 2002 periods. However, the positive impact of these improvements will be reduced by additional expenditures on software development related to the updating of the Peartree software suite, which was commenced in October 2002 (see "Software Development Project" described below). Oil and gas revenue decreased by 72% in fiscal 2002 from 2001, which reflects a combination of production declines, lower commodity prices, and the sale of the oil properties in March 2002. It is expected that revenue from this source will remain relatively flat in fiscal 2003, as commodity price increases offset production declines.

Expense. See Schedule B for a breakdown of the sources of major expense items.

Information technology consulting expense and cost of goods sold reflect the increases in the revenue attributable to those items.

General and administrative expense tracks the increase in overall revenue. Glenbriar will continue to pursue standardization and consolidation of operations throughout its locations to continue to contain general and administrative costs.

Depreciation, depletion and amortization expense fell by 72% in fiscal 2002 from the 2001 level, principally due to the writedown of oil and gas assets which occurred in 2001, changes in accounting policy relating to amortization of goodwill, and the lower cost base for oil and gas properties. See Note 3 of Notes to Consolidated Financial Statements. This expense is expected to fall a further $100,000 on an annualized basis for periods after November 2002 due to the completion of the writeoff of the maintenance and servicing agreements category. See Note 4 of Notes to Consolidated Financial Statements.

3. *Liquidity and Solvency*

As of September 30, 2002, Glenbriar had $531,156 of working capital, up from $307,154 a year earlier. Glenbriar believes it has sufficient funds to meet its ongoing obligations as they become due. The largest challenge in continuing to meet those obligations is during periods of rapid growth in IT services, which requires a substantial increase in working capital. See "Accounts Receivable". Depending on the demand for additional working capital or the desire to grow through acquisitions, Glenbriar may be required to seek additional equity or debt financing, or to limit its growth in order to maintain liquidity. Glenbriar will also seek to increase the cash component of its working capital in order to improve overall liquidity.

Inventory. Glenbriar maintains only a limited inventory of spare parts, so that most of the inventory of $282,159 represents work in progress for clients who have ordered hardware and software for installation at client sites. Accordingly, this inventory amount is considered relatively liquid.

Accounts receivable. This account is made up of trade receivables for services performed for business clients, and are net of an allowance for doubtful accounts and bad debts of less than 2% of sales. Clients are billed in the month after services are rendered, with payment being received about 45 to 60 days after an invoice is sent. As a result, the year-end accounts receivable balance reflects 67 days of sales. As business grows, the need for additional working capital to finance trade receivables grows proportionately.

Accounts payable and accrued liabilities. This account is made up of $474,897 of trade payables owed in relation to IT services for Glenbriar, plus $216,875 attributable to Peartree.

Deferred revenue. This account is all attributable to Peartree, and represents payments made for software maintenance fees, which revenues are deferred until such time as the services are performed. See Note 2 of Notes to Consolidated Financial Statements.

Building mortgage and long-term liabilities. See "Office Locations and Integration" and Note 6 of Notes to Consolidated Financial Statements for details regarding the building mortgage and long-term liabilities. The outstanding balance of $152,000 is made up of a current portion of $6,400 and a long-term portion of $145,600.